

Internal Revenue Service

Department of the Treasury

District
Director

[REDACTED]

Date: FEB 10 1983
Person to Contact:
[REDACTED]
Contact Telephone Number:
[REDACTED]
Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that the Association was created on [REDACTED]. The membership of the Association shall consist solely of all of the unit owners of the [REDACTED], a condominium.

The purpose for which it was formed includes, but is not limited to:

- (a) To make and collect assessments against members to defray the costs of the Condominium;
- (b) To use the proceeds of assessments in the exercise of its powers and duties;
- (c) To provide for the acquisition, construction, management, maintenance and care of the Condominium's Common Area;
- (d) To provide for the reconstruction of improvements after casualty and to provide for further improvements to the Condominium's Common Area;
- (e) To make and amend regulations respecting the use of the Common Area;
- (f) To enforce by legal means the provisions of the Condominium instruments, the By-Laws of the Association and the Use Regulations for the use of the Common Area;
- (g) To contract for the management of the Condominium and to delegate to such contractor all powers and duties of the Association, except such as are specifically required by the Condominium instruments to have approval of the membership of the Association;

The Association was formed as a result of ownership of condominium office space by the members for the purpose of maintaining those areas of commonality within the physical structure and appurtenances. Areas of commonality include but are not limited to elevators, hallways, heating, electricity, parking, etc. The Association will further provide for the undertaking of major renovations to the original structure as needed.

Each unit owner is responsible for the unit which he occupies. The Association is concerned only with the building as a whole and areas of common interest affecting the whole.

The present and future sources of revenue are the assessments levied upon members (unit owners). The assessments are based upon a per square foot per condominium unit. Revenue is used to pay all common expenses for maintenance, operation and capital costs for all common areas. Assessments will increase or decrease in relation to actual costs or where special assessments are deemed necessary by the Board of Directors.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

Apartment Operators Association v. Commissioner, 136, F 2d 435 (1943) held that "An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit even though the business is conducted on a cooperative basis or produces only sufficient income to be selfsustaining, is not a business league."

Like the organization described in Apartment Operator Association, your association engages in a regular business of a kind ordinarily carried on for profit. Accordingly, we conclude that you do not meet the requirements for exempt status under Section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

A solid black rectangular box used to redact the signature of the District Director.

District Director

Enclosure: Publication 892